

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



March 1, 1995

ALL-COUNTY LETTER NO. 95-09

TO: ALL COUNTY WELFARE DIRECTORS

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REASON FOR THIS TRANSMITTAL

- ☐ State Law Change
  - ☐ Federal Law or Regulation Change
  - ☒ Court Order
  - ☐ Clarification Requested by One or More Counties
  - ☐ Initiated by CDSS
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SUBJECT: IMPLEMENTATION OF AFDC REGULATIONS FOR THE  
CALCULATION OF GRANT ADJUSTMENT AMOUNT

REFERENCES: Darces v. Woods Court Order  
MPP Section 44-352.4

The purpose of this letter is to provide you with the attached emergency regulations which will be effective May 1, 1995. These regulatory amendments will clarify existing policy to ensure that the unmet needs of an ineligible child(ren) will be considered when determining the maximum amount to grant adjust for an AFDC overpayment.

The Darces court order requires that the unmet needs of an ineligible child(ren) must be considered when determining the amount of income available to the assistance unit. The unmet needs of an ineligible child(ren) are to be deducted from earned income when determining the maximum amount of grant adjustment to recoup an AFDC overpayment.

Additionally, the entire section has been reformatted and renumbered for clarity due to the insertion of new language. If you have any questions or need further information on the implementation of these regulations, please contact Jane Laciste at (916) 654-1047 (CALNET 454-1047).

*Bruce Wagstaff*

BRUCE WAGSTAFF  
Acting Deputy Director  
Welfare Programs Division

Attachment

Amend Section 44-352.4 to read:

.4 Methods of Recovery

All of the following methods may be used concurrently. However, those methods should be used that will result in the maximum recovery.

.41 Grant Adjustment

If the overpayment is to be recovered by grant adjustment, the following method shall be used:

.411 Step One

Determine the sum of the FBAU's total available income and liquid resources in the payment month by adding together the following:

(1a) Agency Error

For overpayments caused by agency error, ~~and which have been or will be recovered on or after January 1, 1986/~~

(1)

~~Determine the sum of~~ The FBAU's total grant amount for the payment month before overpayment adjustments, plus

(2)

The FBAU's gross earned income less:

(i)

Any dependent care disregards as specified in Section 44-113.217, ~~and less~~

(ii)

The standard work expense disregard as specified in Section 44-113.214,

(iii)

Any deduction necessary to meet the unmet needs of an ineligible alien child as specified in Section 44-113.14, plus

(3)

Other net nonexempt income, ~~and plus~~

(4)

~~The~~ FBAU's liquid resources.

(2b) Other

For all other overpayments,

(1)

~~Determine the sum of~~ The FBAU's total grant amount for the payment month before overpayment adjustments, plus

(2)

~~The~~ FBAU's gross earned income,

(i)

Without application of earned income the dependent care nor the standard work expense disregards,

(ii)

Less any deduction necessary to meet the unmet needs of an ineligible alien child as specified in Section 44-113.14, plus

- (3) Other net nonexempt income, and plus
- (4) The FBAU's liquid resources.
- (b) .412 Step Two Determine the required need allowance by (1) multiplying the MAP amount for the AU plus any special needs by:
- (1) MULTIPLY THE MAXIMUM AID PAYMENT PLUS ANY SPECIAL NEEDS FOR THE AU BY 190 AND ROUND THE AMOUNT TO THE NEXT LOWER DOLLAR/ UNLESS THE OVERPAYMENT WAS CAUSED BY AGENCY ERROR/ IF THE OVERPAYMENT WAS CAUSED BY AGENCY ERROR MULTIPLY THE MAP PLUS ANY SPECIAL NEEDS FOR THE AU BY 195 AND ROUND TO THE NEXT LOWER DOLLAR/
- (2) IF THE MAXIMUM AID PAYMENT HAS BEEN PRORATED/ AS IN A BEGINNING MONTH/ THE NEED ALLOWANCE SHALL BE COMPUTED BY MULTIPLYING THE PRORATED MAXIMUM AID PAYMENT PLUS ANY SPECIAL NEED BY 190/ OR BY 195 IF THE OVERPAYMENT WAS CAUSED BY AGENCY ERROR/
- (c) Determine the maximum adjustment amount
- (1) IF THE AMOUNT FROM STEP 1c) IS LARGER THAN THE AMOUNT IN STEP 1b)/ THE COUNTY MAY GRANT ADJUST THE OVERPAYMENT/ THE AMOUNT DETERMINED BY SUBTRACTING 1b) FROM 1c) IS THE AMOUNT TO BE RECOVERED BY GRANT ADJUSTMENT FOR THAT MONTH UNLESS THE GRANT AMOUNT BEFORE ADJUSTMENT OF THE OVERPAYMENT BALANCE IS LESS/
- (d) ADJUST THE AID PAYMENT
- (1) THE OVERPAYMENT IS TO BE ADJUSTED FROM THE CURRENT AID PAYMENT/ IF THE CURRENT AID PAYMENT IS NOT ENOUGH TO RECOVER THE ENTIRE OVERPAYMENT/ THEN THE REMAINING AMOUNT OF THE OVERPAYMENT IS APPLIED TO SUCCEEDING MONTHS/ AND THE GRANT ADJUSTMENT PROCESS IS REPEATED/
- (a) Agency Error .95, and round to the next lower dollar.
- (b) Other .90, and round to the next lower dollar.
- (2c) Prorated When the MAP has been prorated, as in a beginning month, then the prorated amount shall be used in Step Two.
- (c) .413 Step Three Compare the amount from Step One to the amount from Step Two. When the amount from Step One is larger than the amount from Step Two, grant adjustment shall occur.

- .414 Step Four Determine the maximum adjustment amount by subtracting the amount in Step Two from the amount in Step One.
- (d) .415 Step Five The overpayment shall be adjusted from the current aid payment.
- (a) Less When the overpayment balance is less than the maximum adjustment amount, the entire overpayment balance shall be adjusted.
- (b) More When the overpayment balance is more than the maximum adjustment amount, the maximum amount shall be adjusted and the remaining overpayment balance shall be applied to succeeding months and the adjustment process shall be repeated.
- (c) Aid Payment When the aid payment is less than the maximum adjustment amount, then the entire aid payment shall be adjusted. Any remaining overpayment balance shall be applied to succeeding months and the adjustment process shall be repeated.

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11017, 11155, 11155.1, 11155.2, 11257, 11450, 11452, and 11453, Welfare and Institutions Code; 45 CFR 233.20(a)(3)(i)(B) and (a)(3)(i)(A)(1)(i)(A)(2); Darces v. Woods Court Order; and the Federal Terms and Conditions for the California Work Pays Demonstration Project as approved by the United States Department of Health and Human Services on March 9, 1994.